

# **EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE**

## **MINUTES OF THE OCTOBER 17, 2007 PENSION BOARD MEETING**

### **1. Call to Order**

Chairman Dean Roepke called the meeting to order at 8:40 a.m. in the Green Room of the Marcus Center, 127 East State Street, Milwaukee, Wisconsin 53202.

### **2. Roll Call**

#### **Members Present:**

Linda Bedford  
Donald Cohen  
Marilyn Mayr  
John Parish  
Dr. Sarah Peck  
Dr. Dean Roepke (Chairman)  
Thomas Weber (Vice Chairman)

#### **Others Present:**

David Arena, Director, Employee Benefits, Department of Administrative Services  
William Domina, Corporation Counsel  
Mark Grady, Principal Assistant Corporation Counsel  
Jack Hohrein, ERS Manager and Pension Board Secretary  
Jerry Heer, Director of Department of Audits  
Vivian Aikin, ERS Administrative Specialist  
Gordon Mueller, ERS Fiscal Officer  
Bess Frank, Ad Hoc Oversight Committee  
Steve Cady, Ad Hoc Oversight Committee  
Steven Huff, Reinhart Boerner Van Deuren s.c.  
Leigh Riley, Foley & Lardner LLP  
Chris Trebatoski, Weiss Berzowski Brady LLP  
Ken McNeil, Susman Godfrey L.L.P.  
Terry Dennison, Mercer Investment Consulting (via telephone)  
Patrick Silvestri, Mercer Investment Consulting  
Tom Rosalanko, GMO LLC  
Ken Loeffel, Retiree  
Florence Ignarski, Retiree  
Esther Hussey, Retiree  
Gloria Yelezyn, Retiree

### **3. Chairman's Report**

(a) Ad Hoc Oversight Committee

The Chairman named the five members of the Ad Hoc Oversight Committee, including himself and introduced the members present at the meeting. He introduced Steve Cady, who was appointed by the Chairman of the County Board. Mr. Cady also serves as Chairman of the County's Deferred Compensation Plan Committee. He also introduced Bess Frank, who retired in June 2007 from the Milwaukee County Zoo. She had worked at the National Zoo in Washington, D.C. for 20 years. The Chairman also introduced the appointed Ad Hoc Oversight Committee members who were not present at the meeting, including Walter Lanier, appointed by the Chairman, and Rob Henken, who was appointed by the County Executive. The Chairman stated that the first Ad Hoc Oversight Committee meeting has not been set. He indicated that the Ad Hoc Oversight Committee meetings will be publicly noticed meetings, but a large portion of the meetings will be conducted in closed session. He welcomed all Board members to attend the meetings.

(b) Mr. Ostermeyer's Resignation

The Chairman announced Mr. Ostermeyer's resignation due to the increased demands of his legal practice. Mr. Weber suggested that with two current vacancies on the Board, the Board should consider holding a special election to fill the balance of Mr. Martin's term. Mr. Grady indicated that discussing such an election would cause an open meetings law issue because a special election discussion is not listed on the meeting agenda. The Chairman stated that the discussion of whether to hold a special election to fill Mr. Martin's vacant Board position should be added to the November Board meeting agenda.

4. Minutes of the September 19, 2007 Meeting

The Board agreed with Ms. Mayr's correction to item 16 on page 12 of the September 17, 2007 minutes that the Board is "encouraged," but not "required," to attend 30 hours of education per year. Mr. Grady responded to Ms. Mayr's question regarding item 19(c) of the September minutes by stating that the interpretation regarding normal retirement age does not cover collective bargaining agreements. Ms. Mayr also indicated she has not seen the corrections to the Ad Hoc Committee meeting minutes described in item 10 on page 9 of the September Board meeting minutes.

**The Board reviewed and unanimously approved the minutes of the September 19, 2007 Pension Board meeting, with the change on page 12. Motion by Ms. Bedford, seconded by Mr. Cohen.**

5. Report of Retirement System Manager

(a) Ratification of Retirements Granted

Mr. Hohrein presented the Retirements Granted report for the prior month's retirements and asked the Board to review them. He noted that back DROP payments in the amount of approximately \$1,061,000 were made in September. He stated that Robert Knoll had received the largest back DROP that month in the amount of approximately \$533,000.

**The Board unanimously accepted the Retirements Granted report.  
Motion by Mr. Cohen, seconded by Mr. Parish.**

(b) 2006 ADR Earnings Report

Mr. Hohrein discussed the 2006 ADR earnings report. He indicated that all members have filed their 2007 ADR earnings reports except for Fannie Mae Ellis and James R. Paradinovich, who filed tax return extensions, and George A. Michalski, whose tax return is pending. Mr. Hohrein stated that he is working with Mr. Grady to recover overpayments made to ten members who had excess ADR earnings. As an example of the recovery efforts, Mr. Hohrein reported that Mr. Grady had discussed with Roger Schmitt's attorney Mr. Schmitt's options for repaying the benefit overpayments he had received. Mr. Grady indicated that Mr. Schmitt has expressed a desire to return to County employment. Mr. Grady answered the Chairman's other questions regarding recovering the benefit overpayments.

(c) Ethics Board's Response to JPMorgan Conference

Mr. Hohrein reported that he received a written response from the Milwaukee County Ethics Board stating that no Board member is allowed to attend a conference sponsored by a current vendor without being charged.

Steve Cady and Jerry Heer left the meeting.

6. Investments

(a) Investment Committee Report

Dr. Peck reported on the October 4, 2007 Investment Committee meeting. She stated that the Investment Committee reviewed the performance of Westfield Capital, ERS's small-cap money manager. She noted that while Westfield Capital's performance has been below its benchmark, its returns

have still been good and that Westfield Capital performs well in down markets. She indicated that there are transaction costs in switching investment managers, and that the Investment Committee will continue to monitor Westfield Capital's performance.

Dr. Peck reviewed Generation Growth Capital, Inc.'s presentation on investments in Wisconsin made by Corey Nettles and John Reinke at the Investment Committee meeting. She noted that Mr. Nettles stated that his firm's investments are made in long-existing businesses and that his firm acts more as a private equity company than as a start-up funding source. She indicated that Generation Growth Capital, Inc. requires an investment of between \$500,000 and \$1 million. She stated that she will ask Adams Street Partners to review the potential investment for the Board.

Dr. Peck reported that future topics of the Investment Committee will include reviewing of Global REIT managers, analyzing 130/30 investment strategy and looking at potential alternative investments. No Board member responded when the Chairman asked if any Board member would like to join the Investment Committee. In response to Ms. Mayr's request, Mr. Hohrein stated that he will send the reports given to the Investment Committee to Ms. Mayr.

Mr. Dennison joined the meeting via telephone.

(b) Investment Manager Report – GMO LLC – International Equity Manager

Mr. Rosalanko distributed a report on ERS's investment in GMO's International Intrinsic Value strategy and presented it to the Board on behalf of GMO. He stated that GMO manages over \$150 billion in assets and has over 350 employees. He indicated that no one has left GMO's Intrinsic Value investment team since Mr. Hancock's last presentation to the Board. Mr. Rosalanko reviewed GMO's investment philosophy and approach to the international equity market. He stated that a stock's value determines its long term performance and that GMO assesses a stock's value on its fundamentals. He noted that high quality companies outperform others in the long run. He reported that a company's price and earnings momentum also affect a company's fundamentals, which helps GMO invest in undervalued companies. He indicated that disciplined consistency is also a vital part of GMO's investment process. In response to the Chairman's question regarding momentum, Mr. Rosalanko stated that momentum affects price because when a stock is in demand, the demand causes the stock's price to increase, or vice versa. He reported that GMO looks for stocks with strong price momentum and earnings revision momentum, which is present when analysts revise a company's earnings

estimates upwards. Mr. Rosalanko answered Ms. Bedford's question regarding geographical factors by discussing how GMO incorporates geographical challenges into its quantitative computer model analysis along with the numerous other factors that affect the international equity market.

In response to several questions, Mr. Rosalanko reviewed GMO's process and approach to choosing stocks. He stated that GMO only purchases the stock of quality companies at reasonable prices. He indicated that GMO reviews traditional indicators such as historical and forecasted earnings, cash flow, book value, sales and dividends, but GMO separates its potential investments by looking at high quality company indicators such as low debt and stable but high profitability shown through return on equity and return on assets. Dr. Peck and Ms. Bedford asked several questions regarding how GMO's quantitative approach is different from the quantitative approach used by other investment managers. In response, Mr. Rosalanko discussed how GMO constructs its portfolio. He noted that ERS uses three different investment disciplines, including quality adjusted value, intrinsic value and momentum, and that each discipline holds a subportfolio of the stocks. He answered the Chairman's question regarding leverage by stating that ERS's portfolio is not leveraged. Mr. Rosalanko discussed ERS's best and worst stock positions as of September 30, 2007 and the reasoning behind their performance. He reviewed the ERS portfolio's performance and indicated that all of the long term return numbers were positive. He demonstrated the value that GMO has added to the ERS portfolio compared to the portfolio's benchmark.

Mr. Weber asked whether the valuations contained in GMO's report were current with regard to Southeast Asia. Mr. Rosalanko answered that the valuations for this area, including Singapore and Hong Kong, are a concern, but the valuation concerns are offset because the goods from that area are fairly cheap. He noted that GMO has some concern about China and has accordingly underweighted China in the ERS portfolio. Ms. Bedford inquired as to what sectors GMO invests in by country. Mr. Rosalanko stated that the specific sectors GMO invests in by country are influenced by the big companies in those countries. As an example, he noted that GMO's investments in Japan are concentrated in the automobile sector. In response to the Chairman's question regarding the seven year asset class return forecasts, Mr. Rosalanko stated that GMO is pessimistic about equities and that GMO believes that the domestic and international equity markets will correct themselves over the next seven years.

The Board excused Mr. Rosalanko from the meeting.

(c) Mercer Report

Mr. Dennison presented Mercer's Flash Report for September 2007. He reported that ERS's investment managers had recovered well in September. He stated that ERS had a market value of just under \$1.66 billion at the end of September, and that ERS's aggregate market value increased by 2.9% during September, which beat the reference index by 20 basis points.

Mr. Dennison reviewed ERS's investment managers' performance. He reported that Hotchkis & Wiley has been significantly underperforming. He explained a new one page handout that listed mid-cap value managers with "A" ratings. He stated that ERS could consider these investment managers listed on the handout as replacements for Hotchkis & Wiley.

The Chairman stated that the Board must take a serious look at Hotchkis & Wiley because its last three years of performance have not been great. Mr. Dennison indicated that the Board should at least hear directly from Hotchkis & Wiley about its performance. Mr. Dennison agreed with Ms. Bedford's and Dr. Peck's assessments that Hotchkis & Wiley's request to invest in international equities was a sign of its own concern about its poor performance. Dr. Peck and Ms. Bedford pointed out that Hotchkis & Wiley was not hired to invest in international equities and that Hotchkis & Wiley has not been performing the job it was hired to do. Ms. Bedford indicated that Reinhart Partners, Inc. was hired at the same time as Hotchkis & Wiley and that Reinhart Partners, Inc. has outperformed Hotchkis & Wiley over that period. She stated the Board should move additional money to Reinhart Partners, Inc.

The Chairman stated that EARNEST Partners should also be reviewed. He asked the Investment Committee to review each of ERS's mid-cap investment managers, including value, core and growth. Mr. Dennison agreed that the Investment Committee should reexamine ERS's mid-cap investment structure and rebalance the mid-cap space, including the weighting among core, value and equity. He indicated that this could be accomplished through a conceptual review of the weightings as opposed to a full search. Ms. Mayr asked how long it would take to review the mid-cap space. Mr. Dennison responded that Mr. Silvestri could have a conceptual review report completed by the next Investment Committee meeting, but a full search report would take longer to complete. Mr. Dennison reviewed the performance of five potential mid-cap value managers for the Board. He indicated that the Board is familiar with Artisan and that Artisan may reduce its fees in order for it to manage some growth and value money. He stated that Pzena Investment Management and RS Investments have "high tracking error," meaning their portfolios are highly concentrated in several investments. He noted that all five of these

investment managers have performed better than Hotchkis & Wiley. He noted that the drawback to the data he presented is that it is only current through June 30, 2007.

The Board asked Mercer to bring the conceptual review report of the mid-cap space and prepare a termination of Hotchkis & Wiley recommendation to the next Investment Committee meeting and also to the November Pension Board meeting. Mr. Dennison stated that Mercer will prepare the requested documentation.

Mr. Dennison stated that Artisan has been doing well and has almost doubled the performance of its benchmark this year. He also noted that Westfield Capital Management has been performing very well recently. Mr. Dennison indicated that the declining dollar helps all non-U.S. investments, which aided the international market's outperformance relative to their domestic counterparts over the past few years. He stated that GMO has been performing strongly as ERS's international equity manager.

Mr. Dennison reviewed the Federal Reserve's recent decision to decrease interest rates. He stated that more mortgages will reset to higher interest rates in the fourth quarter of 2007 and 2008. He noted that the Federal Reserve will be balancing competing interests when it decides whether to raise or lower interest rates. He indicated that the Federal Reserve is facing concerns about the impact that the housing crisis will have on the economy, which favors the reduction of interest rates to spark the economy. He also discussed the Federal Reserve's concern over inflation, which would call for holding interest rates at their current level or increasing them.

7. Implementation of New Technology Software

Mr. Hohrein stated that Mr. Campbell was out of town and was not been able to attend this Pension Board meeting. Mr. Hohrein indicated that the implementation process is progressing more smoothly because of the addition of the business analyst. The Chairman noted that it is his goal to have the special investigators, Mr. Huff's law firm and Mr. Campbell meet soon to discuss their anticipated needs for staff time to complete their various projects.

8. ERS Staffing Report

Mr. Arena reviewed his report to the Board on ERS staffing. He stated that he initially prepared the report for the Chairman, who in turn requested that Mr. Arena present his report to the Board. Mr. Arena reported that he has made significant staffing moves since he started working in his position this past summer. He noted that Tina Castaneda was added to the Retirement Office's staff

to provide additional clerical support and that he clarified Myesha Walker's role to have her spend 50% of her time in the Retirement Office. He discussed his addition of Annette Olson, who had a role in the Ceridian conversion, and noted that she was added to supervise the implementation of the Vitech project and coordinate the general operations of the Retirement Office. Mr. Arena indicated that Mr. Hohrein requested three additional pension administrators for the 2008 budget and that his request had been approved. Mr. Arena stated that mostly all of Mr. Hohrein's 2008 budget requests have been approved and are supported by Mr. Henken. Mr. Arena reviewed the current ERS organizational chart and discussed what the chart will look like with the newly created positions.

Prior to the meeting, Mr. Arena asked for Mr. Hohrein's opinion and comments on the approved budget requests. Mr. Hohrein distributed his own memorandum and reviewed it for the Board. He indicated that he was pleased with the cooperation he has been receiving from Mr. Arena with respect to his staffing needs. Mr. Hohrein acknowledged that nearly all of his requests have been approved. The Chairman, on behalf of the Board, stated that he is pleased to hear about the staffing progress and expressed his thanks to Mr. Arena and Mr. Hohrein for their efforts.

Mr. Arena stated that Mr. Mueller announced that he plans to retire in two years. Mr. Arena commented that replacing Mr. Mueller will require a considerable amount of transitioning. The Board agreed that it will be difficult to fill Mr. Mueller's position.

Mr. Weber noted that the auditors have raised the issue of cross-training and staffing of the Retirement Office. In response to Mr. Weber's question, Mr. Arena stated that the Audit Committee is allowed to share Mr. Arena's and Mr. Hohrein's memoranda on cross-training and staffing with the auditor. Mr. Arena answered Mr. Parish's questions by explaining the rationale behind temporarily assigning Myesha Walker and Annette Olson to higher job classifications and the postings for open positions.

## 9. Fiscal Officer's Report

### (a) Cash Flow – Liquidity Report

Mr. Mueller presented the cash flow liquidity report. He reported that ERS needs \$10 million per month for October, November and December 2007.

**The Board unanimously agreed to accept the Fiscal Officer's determination of the cash flow requirements of \$10 million per month for October, November and December 2007 to be disbursed monthly, with the funds for October benefit payments coming from GMO LLC.**



**Motion by Mr. Weber, seconded by Mr. Parish.**

(b) Budget/Expense Report

Mr. Mueller reviewed the ERS budget versus expense report for 2007 through September. He indicated that ERS is \$270,000 under budget, primarily due to a savings in investment manager fees and several staff positions going unfilled. He noted that outside legal and Corporate Counsel fees have exceeded the budgeted amount by \$165,000, caused by buy in, buy back and tax issues. He also reported that actuarial expenses were \$20,000 over budget due to various special projects. He stated that temporary help was \$15,000 more than expected because of the positions that went unfilled. Mr. Mueller noted that the legal fees on the report have been corrected for previous years.

Mr. Mueller stated that during the documentation cleansing process, people have been finding old, duplicate, unneeded reports, such as old computer reports. Ms. Mayr expressed her concern about destroying old reports. Mr. Mueller indicated that nothing is being destroyed if it is of any value to anyone. Mr. Hohrein noted that nothing will be permanently lost because either the new Vitech system will be able to produce the reports, the reports are duplicates of reports available elsewhere or the reports are being sent to off-site storage.

**The Board unanimously approved retaining temporary help to continue the document cleansing process. Motion by Dr. Peck, seconded by Ms. Mayr.**

10. Vitech Implementation Oversight Committee Report

Mr. Parish reported on the most recent meeting of the Vitech Implementation Oversight Committee. He noted that there was little to report on because Mr. Campbell had not attended the meeting.

11. ERS Funding

(a) Report on Task Force on Pension Funding

Mr. Cohen reported that the Task Force on Pension Funding has not meet since the last Pension Board meeting.

(b) County Executive's Budget – Pension Obligation Bonds

The Chairman asked Mr. Grady to report to the Board on what Mr. Heer told him happened with respect to the proposed pension obligation bonds at the County Board Finance Committee meeting. Mr. Grady stated that Mr. Heer told him that the Finance Committee initially voted 4-2 against the proposed pension obligation bonds, but laid the issue over until a later date. Ms. Mayr indicated that she attended the Finance Committee meeting and that the County cannot proceed with pension obligation bonds without a state law change. She opined that the Pension Board should be concerned as a fiduciary because the County may want to eliminate the Board and hire an investment manager to serve the function of the Board.

Mr. Domina, Mr. McNeil and Mr. Trebatoski arrived at the meeting.

Mr. Domina reported that the Finance Committee asked for comments from the Pension Board and laid the pension obligation bond issue over to give the Board the opportunity to comment. He stated that the County Board will review the budget on November 5. He noted that the County currently has the option to eliminate the Board. He indicated that current legislation does not mandate the elimination of the Board, but he noted that the County has the legal authority to control the Board, including disbanding the Board. Mr. Domina asked that the Board consider what the specific role and function of the Board is and whether it is appropriate for the Board to comment on pension obligation bonds.

12. Audit Committee Report

Mr. Parish reported on the September meeting of the Audit Committee. He indicated that Wayne Morgan from Virchow Krause will attend the October 25 Audit Committee meeting to discuss the ERS audit findings. He noted that the ERS benefits handbook and the custodian RFP were given to counsel for review. In response to Ms. Mayr's request, Mr. Hohrein stated that he will send her a copy of the Virchow Krause management letter.

13. New Rule 1040 – Approval of Retirements

The Board discussed Rule 1040, Approval of Retirements.

**The Board unanimously adopted Rule 1040, which describes the retirement approval process, attached to these minutes as Exhibit 1. Motion by Mr. Cohen, seconded by Ms. Bedford.**

14. Pension Board Annual Meeting

The Board discussed the ERS February 2008 annual meeting. Mr. Grady reported that the decision to hold an annual meeting is up to the Board because he found no legal requirement for an annual meeting and noted there is only a legal requirement for an annual report. Ms. Mayr expressed support for an annual meeting and for serving food at the meeting. Dr. Peck noted that the annual meeting provides members and retirees the opportunity to ask questions regarding ERS. She stated that the Board should eliminate food to minimize disruptions. Mr. Cohen suggested creating a specific time line for the day of the annual meeting to help the meeting run smoothly. Mr. Weber expressed his support for an annual meeting. He recalled that there had been concerns over expenses when the Pension Board had discussed an educational forum for Board members, which would have involved a meal and possible travel. He indicated that the Board should avoid repeating such concerns by not supplying food at an event of this type. The Chairman stated that the Board should limit its motion to an annual meeting without lunch.

**The Board unanimously approved holding an annual meeting, without lunch. Motion by Ms. Mayr, seconded by Mr. Parish.**

Ms. Mayr suggested that the Retirement Office should communicate the place and time the doors will open, provide access for the handicapped and take reservations. Mr. Loeffel commented on the logistics of the meeting and noted that the meeting announcement should contain more details, such as the meeting's ground rules, in order to reduce the number of issues. The Chairman asked Mr. Hohrein to work with Ms. Mayr and Mr. Loeffel to prepare the meeting announcement. He suggested that they book the meeting location soon.

15. Report of the Ad Hoc Oversight Committee

The Chairman reported on the Ad Hoc Oversight Committee. He discussed the changes that were made to the minutes of the two Ad Hoc Committee meetings that were suggested by Ms. Mayr. Ms. Mayr asked a question regarding the status of the Ad Hoc Oversight Committee. Ms. Mayr stated that the Pension Board has not been advised who was selected as the special investigator by the prior Ad Hoc Committee. She noted that it has been brought to her attention that the Board must follow Milwaukee County General Ordinance section 56.30, pertaining to the use of requests for proposals. She indicated that she believes an RFP was not issued. Mr. Domina stated that it is appropriate to discuss the RFP issue in closed session. Ms. Mayr stated that she wants it on the record that she does not concur with what she believes is an apparent violation of County Ordinances.

The Vice-Chairman stated that the Board may adjourn into closed session for the

purpose of receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation and for considering the financial, medical, social or personal histories or disciplinary data of specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data.

**The Board voted 6-1 by roll call vote, with Ms. Mayr dissenting, to enter into closed session to discuss items 15, 16, 17 and 18. Motion by Mr. Weber, seconded by Ms. Bedford.**

16. Pending Litigation

The Board discussed pending litigation in closed session.

- (a) Milwaukee County et al. v. Mercer Human Resource Consulting
- (b) Hanson v. ERS
- (c) FNHP v. County and ERS – WERC Complaint

17. Appeal of Jane Hanratty Steingraeber – Pension Credits

The pension credits appeal of Jane Hanratty Steingraeber was postponed to a future meeting.

18. Report on Compliance Review

The Board discussed the report on compliance review in closed session.

19. Continuing Education/Board Retreats/Training and Professional Organizations

Mr. Weber discussed holding an educational session for the Board. He indicated that his wife, Irene Weber, offered to host the session at their home office in Milwaukee County and to provide refreshments. Ms. Mayr stated that notice should be given to the retirees. Mr. Grady indicated that this is an Audit Committee topic.

The Chairman encouraged attendance at the Wharton School Investment Strategies and Portfolio Management program from June 16 – 20, 2008.

**The Board unanimously approved the attendance of any Board member at the Wharton School Investment Strategies and Portfolio Management program. Motion by Ms. Bedford, seconded by Mr. Parish.**

20. Additional/Future Topics

(a) Requests for Proposals

The Chairman stated that the Board is finishing its review of the RFP for custodian. Mr. Grady indicated that the Audit Committee or Board needs to decide upon a selection panel. Ms. Mayr stated that, in her opinion, the Board should target its longest serving service provider for its next RFP.

(b) 2008 Pension Board and Committee Meeting Dates

The Board reviewed the proposed 2008 meeting dates for the Board and committee meetings. They noted that they may need to reconsider some dates, such as the March Board meeting and both the November and December Audit Committee meeting dates. The Board also reviewed new contact sheets containing Board member and service provider information. Several Board members directed their changes to Mr. Hohrein.

21. Adjournment

The meeting adjourned at 1:20 p.m.

Submitted by Steven D. Huff,  
Assistant Secretary to the Pension Board

## EXHIBIT 1

### ERS RULE 1040

#### AMENDMENT TO THE RULES OF THE PENSION BOARD OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

#### RECITALS

1. Section 201.24(8.1) of the General Ordinances of Milwaukee County (the "Ordinances") provides that the Pension Board of the Employees' Retirement System of the County of Milwaukee (the "Pension Board") is responsible for the general administration and operation of the Employees' Retirement System of the County of Milwaukee ("ERS").
2. Ordinance section 201.24(8.6) allows the Pension Board to establish rules for the administration of ERS.
3. Ordinance section 201.24(8.17) provides, in relevant part, that the Pension Board shall have the power to decide all questions of eligibility and determine the amount, manner and time of payment of any benefits.
4. The Pension Board has a longstanding practice of approving retirement pensions on a monthly basis. However, the Pension Board further notes that the practice and procedures that have developed over time result in initial pension checks being issued prior to a time when the Pension Board can review those benefits.
5. The Pension Board believes that there is no need for it to calculate, review, determine or approve the retirement and amount of pension benefit for an individual member, beyond that which the staff of ERS performs, where no dispute exists concerning the member's application to retire. The Pension Board believes that it cannot meaningfully or in a timely manner review the calculations and determinations made by staff and does not believe that such a review is an appropriate or efficient use of the Pension Board's time in its meetings.
6. The Pension Board further notes that section Rule 1016 provides a mechanism for Pension Board review of any disputes concerning benefits.
7. The Pension Board reaffirms that it desires to be informed of retirements granted on a monthly basis. The Pension Board notes that it can take affirmative action, as requested by a majority of the Pension Board, to review or

question any individual benefit it determines necessary or that it can take affirmative action to halt any benefits that it believes have been determined or granted contrary to the applicable governing provisions.

## RESOLUTION

Pursuant to Ordinance section 201.24(8.6), the Pension Board hereby creates and adopts Rule 1040 to read as follows:

### **1040. Approval of Retirements**

The Pension Board hereby delegates to the Manager of the Employees Retirement System the authority to approve the retirement pensions of members in accordance with the applicable laws, ordinances and collective bargaining agreements incorporated therein. At the Pension Board's regularly scheduled meetings and at such other times as the Pension Board or its Chairman requests, the Manager shall provide a tabular report to the Pension Board of the retirements granted since the Manager's prior report. The report shall include details concerning the member's retirement date, type of retirement, monthly annuity, backdrop (if any), option selected, employment position, years of service and date of birth. In the event the Manager has any question, or is aware of any dispute, concerning a member's retirement pension, the Manager shall request Pension Board action prior to payment of that member's retirement pension. Notwithstanding the preceding, the Pension Board may, at its discretion, review, amend or overturn approvals of retirements, either on a retroactive or prospective basis.

Effective upon adoption on the 17th day of October, 2007.